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FISCAL IMPACT STATEMENT

LS 6089

BILL NUMBER: SB 16

NOTE PREPARED: Apr 13, 2009

BILL AMENDED: Apr 13, 2009

SUBJECT: Learner's Permits and Graduated Licenses.

FIRST AUTHOR: Sen. Holdman

FIRST SPONSOR: Rep. Welch

BILL STATUS: 2nd Reading - 2nd House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill:

- (1) raises the minimum age for the issuance of a learner's permit;
- (2) raises the minimum age for the issuance of a probationary operator's license;
- (3) sets requirements for practice driving before a probationary operator's license can be issued;
- (4) prohibits a driver under the age of 18 from operating a motor vehicle while using a telecommunications device except for a 911 emergency call;
- (5) revises the period during which certain passengers may not accompany a probationary driver;
- (6) revises the hours when nighttime driving is prohibited by certain probationary drivers;
- (7) specifies the periods of validity of an operator's learner permit;
- (8) requires the State Board of Education (SBOE) and the Criminal Justice Institute (CJI) to adopt rules specifying that the classroom portion of driver's education may not be provided to a child less than 15 years and 180 days of age;
- (9) makes the holder of a probationary license ineligible for pretrial diversion or deferral with respect to certain alleged offenses and infractions involving motor vehicles;
- (10) establishes the Interim Study Committee on Driver Education;
- (11) requires the Bureau of Motor Vehicles (BMV) to design and issue the Indiana Soldiers' and Sailors' Children's Home Alumni Association license plate;
- (12) makes corresponding changes and conforming amendments; and
- (13) removes outdated language.

(The introduced version of this bill was prepared by the Interim Study Committee on Learner's Permits and Graduated Driver's Licenses.)

Effective Date: Upon passage; July 1, 2009.

Explanation of State Expenditures: (8) Requiring the SBOE and the CJI to adopt rules will have no fiscal impact and will be accomplished through existing rule-making procedures. The funds affected are the state General Fund for the SBOE and the MVHA for the CJI.

(9) Making the holder of a probationary license ineligible for pretrial diversion or deferral will reduce the number of individuals in the program and have an indeterminable impact on the costs associated with the program. Denial of the pretrial diversion program likely will result in other penalties handed down to the offender, either probation, suspension, or incarceration.

(10) The bill establishes the Interim Study Committee on Driver Education. Membership of the committee is not specified in the bill. The committee is to operate under the policies governing study committees adopted by the Legislative Council. Legislative Council resolutions in the past have established budgets for interim study committees in the amount of in the amount of \$9,500 per interim for committees with fewer than 16 members and \$16,500 for committees with 16 members or more.

The Committee is to study:

- (A) the administration of driver education by the BMV and the State Department of Education;
- (B) standards for an Internet component of driver instruction;
- (C) standards for a classroom component of driver instruction;
- (D) penalties for instructional providers that fail to follow the standards for instruction and driving experience; and
- (E) statistics for moving violations accrued by individuals less than 18 years of age who had:
 - (1) taken driver education with a classroom component of driver instruction;
 - (2) taken an Internet component of driver instruction; and
 - (3) no formal driver education.

Not later than November 1 in the years 2009 through 2014 the State Police Department shall make a written report to the Legislative Council and Governor concerning motor vehicle accidents and fatalities resulting from motor vehicle accidents in the preceding year involving operators of a motor vehicle who were at least 15 years and six months of age and less than 20 years of age. The report to the Legislative Council must be in an electronic format under IC 5-14-6. The fund affected is the state General Fund.

(Revised) (11) The bill establishes the Indiana Soldiers' and Sailors' Children's Home Alumni Association License Plate and Trust Fund. The BMV is to administer the fund, and expenses of administering the fund are to be paid from the fund. On June 30th of each year, the BMV is to distribute the money in the fund to the Indiana Soldiers' and Sailors' Children's Home Alumni Association. Money in the Fund does not revert to the state General Fund at the end of the state fiscal year.

Prison Enterprise Network (PEN PRODUCTS), manufacturing and sales arm of prison-made products, charges the BMV for the manufacture of license plates. PEN PRODUCTS will charge the BMV \$3.55 per plate for the standard plate. The charge for multi-color license plates is \$3.69 per plate. The funds affected are the PEN PRODUCTS Revolving Fund and the Motor Vehicle Highway Account, which supports the operation of the BMV.

Explanation of State Revenues: Summary: The increases in age for both the operator's license and the learner's permit will result in the shifting of revenue forward from FY 2011 to years thereafter. As a result, total revenues would be reduced by an estimated \$811,333 in FY 2011. The affected funds are described in the following table.

| Fund | FY 2011 Revenue Reduction | Uses |
|--|--|---|
| MVHA Operator's license Learner's permit | \$7,3667 \$30,750 | Construction, reconstruction, and maintenance, along with supporting the BMV, the State Police, the Dept. of Transportation, and the Department of State Revenue. |
| Crossroads 2000 Fund Operator's license Learner's permit | \$36,833 \$123,000 | Bonding for highway projects. |
| Anti-Terrorism Fund Operator's license Learner's permit | \$23,021 \$76,878 | Supporting the Integrated Public Safety Commission. |
| BMV Technology Fund Operator's license Learner's permit | \$9,208 \$30,750 | Upgrading technology at the BMV. |
| State License Branch Fund Operator's license Learner's permit | \$115,104 \$292,125 | Supporting the operation of the licenses branches throughout the state. |
| Total Reduction in Fees | \$811,333 | |

(Revised) *Children's Home License Plate Sales*: The annual fee for the Children's Home License Plate is \$25. (There are no fees in addition to the regular registration fee and the \$25 fee for the newly designed license plate.) Revenue from the \$25 fee for the new plate established by the bill is not known. In CY 2008, sales of special recognition license plates ranged from 74 plates for the Pearl Harbor plate to 53,267 for the Heritage Trust plate. Revenue from the \$25 fee for the Pearl Harbor plate amounted to \$1,850, while revenue from the \$25 fee for the Heritage Trust plate amounted to \$1,331,675. Plates sales and revenue from the newly established license plates are likely to fall within these ranges and will be deposited into the trust fund. It should also be noted that introducing a new specialty license plate may affect the sales of other license plates. Any change in license plate sales is indeterminable.

Background: This bill increases the age at which individuals become eligible for an operator's license in future years. The fee for a four-year operator's license is \$14. Annually, approximately 52,000 individuals, or about 4,333 monthly, obtain their operator's license when they are 16 years of age. Assuming that 85% of these 16-year-olds would otherwise obtain their operator's license shortly after becoming 16 years and 30 days, the five-month increase in eligibility age for operator's licenses will tend to shift these revenues forward. The increase in eligibility age would tend to shift license revenues forward by five months in FY 2011 and years thereafter. As a result, revenues would be reduced by an estimated \$257,833 in FY 2011.

This bill also increases the age at which individuals become eligible for a learner's permit. The increase in eligibility age would tend to shift learner's permit revenues forward by six months in FY 2011 and years thereafter. The fee for a learner's permit is \$9. Annually, approximately 123,000 individuals, or about 10,250 monthly, obtain their learner's permit when they are 15 years of age. The six-month increase in eligibility age

for a learner's permit will tend to shift these revenues forward. As a result, revenues would be reduced by an estimated \$553,500 in FY 2011.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: SBOE; BMV; CJI; Neil Ruddock, Legislative Liaison, Department of Education; 317-232-6671; Department of Transportation, State Police, and Department of State Revenue as recipients of MVHA distributions.

Local Agencies Affected: Recipients of MVHA distributions.

Information Sources: BMV driver's license data for CY 2006 and CY 2007.

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